



## INFORMAL STAFF REPORT

### MEMORANDUM

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**To:** Margie C. Rose, City Manager *MR*

**Thru:** Sylvia Carrillo-Treviño, Assistant City Manager *ST*

**From:** Constance P. Sanchez, Director of Finance *CPS*

**Date:** March 14, 2018

**Subject:** Certificates of Obligation

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#### **Issue/Problem**

At the February 27, 2018 City Council meeting, a future agenda item was presented requesting approval of a notice of intention to issue certificates of obligation for streets and facilities in an amount not to exceed \$11,650,000. City Council action for this agenda item is scheduled for March 20, 2018. However, the amount of the certificates of obligation to be presented at the March 20<sup>th</sup> meeting has increased by \$4,100,000 to \$15,750,000. The difference represents funding for street improvements related to the Harbor Bridge Replacement Project.

#### **Background & Findings**

At the February 27, 2018 City Council meeting, the City's financial advisor made a presentation to the City Council showing all the City's upcoming, planned bond issuances. The plan included funding for \$18,350,000 of general obligation bonds approved by the voters in November 2016; \$7,500,000 of taxable certificates of obligation for Solid Waste; \$2,000,000 of certificates of obligation for City facility improvements; \$9,650,000 of certificates of obligation for street improvements related to Bond 2014 projects; and \$4,100,000 of funding for street improvements related to the Harbor Bridge Replacement project. It was reported that all of these projects could be funded without a property tax increase. It was also reported that a State Infrastructure Bank (SIB) loan with the Texas Department of Transportation might provide a lower interest rate for the \$4,100,000 needed for the Harbor Bridge Replacement Project. However upon pursuing this option, we have been told that since the projects are already underway, they do not qualify for a SIB loan. Therefore, the \$4,100,000 needed for this project has been added to the amount of certificates of obligation to be included in the notice of intention that will be presented at the March 20, 2018 City Council meeting for approval. The revised total is \$15,750,000.

**Conclusion**

Staff recommends City Council approve at the March 20, 2018 City Council meeting, the notice of intention to issue certificates of obligation in an amount not to exceed \$15,750,000 to fund facilities and streets. There will be no impact on the property tax rate by increasing the amount of the certificates of obligation as discussed in this memorandum since it was already included, in total, in the presentation made on February 27, 2018.

If you have any questions or need further information, please contact me by phone at (361) 826-3227 or by e-mail at [constancep@cctexas.com](mailto:constancep@cctexas.com).